

**Economic Development
Appropriations Bill
House File 2459
*As amended by the Senate***

Last Action:

Senate Floor

May 3, 2006

Executive Summary Only

An Act relating to and making appropriations to the Department of Economic Development, certain Board of Regents institutions, the Department of Workforce Development, the Iowa Finance Authority, and the Public Employment Relations Board, and related matters, and providing effective and retroactive applicability dates.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

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LSA Contact: Ron Robinson (16256)

EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

HOUSE FILE 2459 ECONOMIC DEVELOPMENT APPROPRIATIONS BILL

SENATE AMENDMENT

- The Bill as amended by the Senate appropriates a total of \$29.7 million from the General Fund and 406.1 FTE positions to the Department of Economic Development (DED), Iowa Workforce Development, the Public Employment Relations Board (PERB), and the Regents institutions economic development programs. This is a decrease of \$670,000 in General Fund support and an increase of 3.0 FTE positions compared to the estimated FY 2006 appropriation. The Bill also appropriates \$9.0 million from other funds, which is an increase of \$4.0 million.

Page and line numbers refer to the amendment.

FUNDING CHANGES

- The Bill makes the following funding changes when compared to House Action:
 - Eliminates a new appropriation of \$250,000 to the DED for cooperative tourism marketing. (Page 1, Line 1)
 - Increases the General Fund appropriation for the World Food Prize by \$115,000, for a total of \$400,000, and eliminates the requirement that the DED allocate an additional \$115,000 from all other General Fund appropriations to the Department. (Page 1, Line 3)
 - Reduces the General Fund appropriation to the Department of Workforce Development (IWD) for deposit in the Field Office Operating Fund by \$1.0 million. (Page 1, Line 9)
 - Appropriates \$4.0 million in interest from the Unemployment Compensation Reserve Fund to the Department of Iowa Workforce Development (IWD) for deposit in the Field Office Operating Fund, (Page 1, Line 39)

LANGUAGE CHANGES

- The Bill makes the following significant language changes:
 - Eliminates the requirement that Iowa State University operate a Small Business Development Center in Fort Dodge. (Page 1, Line 6)
 - Requires the IWD to develop accountability measurers for subcontractors and report the subcontractor names and accountability measurers to the Chairpersons and Ranking Members of the Economic Development Appropriations Subcommittee by January 15, 2007. (Page 1, Line 14)
 - Requires the Auditor of State to conduct, and the IWD to pay for, an audit to ensure the appropriate salary levels for subcontractors and field office employees. (Page 1, Line 23)
 - Requires the Legislative Services Agency (LSA) to conduct an annual review of the salaries paid to employees of contracts or entities organized under Chapter 28E, Code of Iowa, associated with the IWD. The LSA is required to report findings to the Economic Development Appropriations Subcommittee. (Page 1, Line 31)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2459
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL**

LANGUAGE CHANGES (CONT.)

- Changes the definition of Construction Contractor, as it relates to the Iowa Employment Security Law, by raising the earned income and payments to other limits to \$2,000 from the current \$1,000. The Bill had increased the amount to \$10,000. (Page 1, Line 50)

BILL AS PASSED BY THE HOUSE
FUNDING SUMMARY

Page and line numbers refer to the Bill as originally passed by the House (pink copy).

**DEPARTMENT OF ECONOMIC
DEVELOPMENT**

- Appropriates a total of \$30.9 million from the General Fund and 406.1 FTE positions to the Department of Economic Development, Iowa Workforce Development, the Public Employment Relations Board (PERB), and the Regents institutions economic development programs. This is an increase of \$465,000 in General Fund support and 3.0 FTE positions compared to the estimated FY 2006 appropriation. The Bill also maintains the \$5.0 million support level from other funds.
- Appropriates \$14.4 million and 153.3 FTE positions from the General Fund to the Department of Economic Development. This is an increase of \$365,000 and no change in FTE positions. The changes include:
 - An increase of \$115,000 to restore funding that was eliminated for FY 2006. (Page 1, Line 21)
 - A new appropriation of \$250,000 for cooperative tourism marketing. (Page 3, Line 29)

IOWA FINANCE AUTHORITY

**REGENTS INSTITUTIONS
ECONOMIC DEVELOPMENT
PROGRAMS**

- Appropriates \$4.4 million and 4.0 FTE positions from the Rural Community 2000 Program, insurance receipts from the Division of Commerce, the Community Development Loan Fund, the Workforce Development Fund, and the Job Training Fund. (Page 4, Line 30 through Page 6, Line 13)
- Appropriates \$200,000 from the General Fund to the Iowa Finance Authority (IFA). Maintains the current level of support. (Page 6, Line 14)
- Appropriates \$3.1 million and 67.4 FTE positions from the General Fund for economic development programs at Iowa State University (ISU), the University of Iowa (SUI), and the University of Northern Iowa (UNI). This is an increase of \$100,000 and no change in FTE positions to support the Small Business Development Centers, including the center in Fort Dodge. (Page 6, Line 21 through Page 9, Line 10)
- Requires an allocation of \$650,000 for Small Business Development Centers. This maintains the current level of General Fund support. (Page 6, Line 32)

IOWA WORKFORCE DEVELOPMENT

- Appropriates \$12.1 million and 175.5 FTE positions from the General Fund for Iowa Workforce Development. Maintains the current level of General Fund support and is an increase of 3.0 FTE compared to the estimated FY 2006 appropriation for increased support of the Workers' Compensation Division and the Voluntary Compliance Program. (Page 9, Line 17 through Page 11, Line 19)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2459
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL**

**IOWA WORKFORCE DEVELOPMENT
(CONT.)**

- Requires the Division of Workers' Compensation to continue charging a \$65 filing fee for Workers' Compensation cases, and appropriates the fees collected to the Division for the Workers' Compensation Program. Based on the current fiscal year estimate of fees to be collected, the Division will receive approximately \$190,000 for FY 2007. (Page 10, Line 14)
- Appropriates \$471,000 for Workers' Compensation from the Employment Security Contingency Fund in Iowa Workforce Development. (Page 11, Line 14)

**PUBLIC EMPLOYMENT RELATIONS
BOARD (PERB)**

- Appropriates \$1.0 million and 10.0 FTE positions from the General Fund. This maintains the current level of General Fund support and FTE positions. (Page 11, Line 20)

REQUIRED REPORTS

- Requires that ISU annually report the total amount of private contributions, the proportion from small businesses and other businesses, and the proportion for directed and non-directed research. (Page 7, Line 25)
- Requires the Board of Regents to submit a report on the progress of the Regents institutions in meeting the goals, objectives, and strategies of the Strategic Plan for Technology Transfer and Economic Development. (Page 9, Line 11)
- Requires the departments within the Economic Development Appropriations Subcommittee to review their short-term use of vehicles and revise their policies on short-term use to minimize oil consumption and maximize cost savings. The departments are required to issue an initial report, by December 1, 2006, and a follow-up report by December 1, 2007, to the Government Oversight Committees, on their policy revisions, the consumption reduction, and the savings realized from the changes. (Page 13, Line 8)

STUDIES AND INTENT LANGUAGE

- Requires a business creating jobs with economic development assistance from the Business Development appropriation to the Department of Economic Development to be subject to contract provisions stating that new and retained jobs must be filled by individuals that are citizens of the United States, reside in the United States, or are authorized to work in the United States pursuant to federal law, including legal resident aliens in the United States. Requires any vendor that receives public moneys from the Department through the Business Development appropriation to adhere to these contract provisions and provide periodic assurances of compliance. (Page 2, Line 19)
- Permits the Department of Economic Development to provide grants to community economic development entities for local workforce recruitment efforts designed to recruit former citizens of the State and former students at State colleges and universities to meet the needs of local employers. (Page 2, line 33)
- Permits the Department of Economic Development to provide financial assistance to early-stage industry companies being established by women entrepreneurs. (Page 3, Line 5)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2459
ECONOMIC DEVELOPMENT APPROPRIATIONS BILL**

**STUDIES AND INTENT LANGUAGE
(CONT.)**

- Permits the Department of Economic Development to provide financial assistance for advanced research and commercialization projects involving value-added agriculture, advanced technology, or biotechnology. (Page 3, Line 8)
- Requires the DED to allocate \$115,000 to the World Food prize, in addition to the \$285,000 appropriation, from all other General Fund appropriations to the DED. (Page 4, Line 19)
- Requests that the Auditor of State to review the Iowa Finance Authority's annual audit and conduct a performance audit of the Authority's operations. (Page 13, Line 34)

**SIGNIFICANT CHANGES TO THE
CODE OF IOWA**

- Adds the development of business succession plans to the list of permissible uses for an appropriation of \$350,000 from the Grow Iowa Values Fund to the DED for small business development centers. The allocation for the development of business succession plans is limited to a maximum of \$100,000. Eliminates the specified dollar-for-dollar amount of local matching funds required and replaces it with a required dollar-for-dollar match of at least 25.0% of the cost of a center. The \$20,000 maximum award to a small business development center is changed to \$50,000. This provision is effective upon enactment and is retroactive to June 9, 2005. (Page 11, Line 30)
- Changes the definition of Construction Contractor as it relates to the Iowa Employment Security Law, by raising the earned income and payments to others limits to \$10,000 from the current \$1,000. (Page 12, Line 18)

**EFFECTIVE AND RETROACTIVE
APPLICABILITY DATES**

- The Section of this Bill relating to the business succession plans at Small Business Development Centers (SBDCs) is effective upon enactment and is retroactive to June 9, 2005. (Page 14, Line 31)

Economic Development

General Fund

H.F. 2459	Estimated FY 2006 (1)	House Action FY 2007 (2)	Senate Action FY 2007 (3)	Senate Action vs House Act (4)	Senate Action vs Est FY 2006 (5)	Page & Line Number (6)
<u>Economic Development, Dept. of</u>						
<u>Economic Development, Dept of</u>						
General Administration	\$ 1,875,845	\$ 1,990,845	\$ 1,990,845	\$ 0	\$ 115,000	PG 1 LN 21
Business Development	6,215,394	6,215,394	6,215,394	0	0	PG 1 LN 35
Community Development	5,654,173	5,654,173	5,654,173	0	0	PG 3 LN 18
Tourism Operations		250,000		-250,000	0	PG 3 LN 29
World Food Prize	285,000	285,000	400,000	115,000	115,000	PG 4 LN 17
Endow Iowa Grants	50,000	50,000	50,000	0	0	
Total Economic Development, Dept. of	\$ 14,080,412	\$ 14,445,412	\$ 14,310,412	\$ -135,000	\$ 230,000	
<u>Iowa Finance Authority</u>						
Entrepreneurs w/Disability	\$ 200,000	\$ 200,000	\$ 200,000	\$ 0	\$ 0	PG 6 LN 14
<u>Regents, Board of</u>						
ISU - Economic Development	\$ 2,363,557	\$ 2,463,557	\$ 2,463,557	\$ 0	\$ 100,000	PG 6 LN 22
SUI - Economic Development	247,005	247,005	247,005	0	0	PG 8 LN 3
UNI - Economic Development	361,291	361,291	361,291	0	0	PG 8 LN 25
Total Regents, Board of	\$ 2,971,853	\$ 3,071,853	\$ 3,071,853	\$ 0	\$ 100,000	
<u>Iowa Workforce Development</u>						
General Office Operations	\$ 5,278,800	\$ 5,278,800	\$ 5,278,800	\$ 0	\$ 0	PG 9 LN 18
Workforce Dev. Field Offices	6,856,655	6,856,655	5,856,655	-1,000,000	-1,000,000	PG 10 LN 1
Total Iowa Workforce Development	\$ 12,135,455	\$ 12,135,455	\$ 11,135,455	\$ -1,000,000	\$ -1,000,000	
<u>Public Employment Relations Board</u>						
General Office	\$ 1,030,607	\$ 1,030,607	\$ 1,030,607	\$ 0	\$ 0	PG 11 LN 20
Total Economic Development	\$ 30,418,327	\$ 30,883,327	\$ 29,748,327	\$ -1,135,000	\$ -670,000	

*House File 809 (FY 2006 Economic Development Appropriations Act) made a \$50,000 annual appropriation to the Endow Iowa Grants for FY 2006 through FY 2008.

Economic Development

Non General Fund

H.F. 2459

	Estimated FY 2006	House Action FY 2007	Senate Action FY 2007	Senate Action vs House Act	Senate Action vs Est FY 2006	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
<u>Economic Development, Dept. of</u>						
RC 2000 - Council of Gov.	\$ 150,000	\$ 150,000	\$ 150,000	\$ 0	\$ 0	PG 5 LN 2
RC 2000 - Rural Dev. Prg.	120,000	120,000	120,000	0	0	PG 5 LN 6
Insurance Division Revenue	100,000	100,000	100,000	0	0	PG 5 LN 10
Workforce Development Fund	4,000,000	4,000,000	4,000,000	0	0	PG 5 LN 26
Total Economic Development, Dept. of	\$ 4,370,000	\$ 4,370,000	\$ 4,370,000	\$ 0	\$ 0	
<u>Iowa Workforce Development</u>						
Workers' Compensation Fees	\$ 190,000	\$ 190,000	\$ 190,000	\$ 0	\$ 0	PG 10 LN 14
P & I Industrial Programs	471000	471000	471000	0	0	PG 11 LN 14
UI Reserve Fund			4,000,000	4,000,000	4,000,000	
Total Iowa Workforce Development	\$ 661,000	\$ 661,000	\$ 4,661,000	\$ 4,000,000	\$ 4,000,000	
Total Economic Development	\$ 5,031,000	\$ 5,031,000	\$ 9,031,000	\$ 4,000,000	\$ 4,000,000	

Economic Development FTE

H.F. 2459

	Estimated FY 2006	House Action FY 2007	Senate Action FY 2007	Senate Action vs House Act	Senate Action vs Est FY 2006	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(5)
<u>Economic Development, Dept. of</u>						
General Administration	28.75	28.75	28.75	0.00	0.00	PG 1 LN 21
Business Development	57.00	57.00	57.00	0.00	0.00	PG 1 LN 35
Community Development	61.26	61.26	61.26	0.00	0.00	PG 3 LN 18
Tourism/recreation Development	2.25	2.25	2.25	0.00	0.00	PG 4 LN 25
Workforce Development Fund	4.00	4.00	4.00	0.00	0.00	PG 5 LN 26
Total Economic Development, Dept. of	153.26	153.26	153.26	0.00	0.00	
<u>Regents, Board of</u>						
ISU - Economic Development	56.63	56.63	56.63	0.00	0.00	PG 6 LN 22
SUI - Economic Development	6.00	6.00	6.00	0.00	0.00	PG 8 LN 3
UNI - Economic Development	4.75	4.75	4.75	0.00	0.00	PG 8 LN 25
Total Regents, Board of	67.38	67.38	67.38	0.00	0.00	
<u>Iowa Workforce Development</u>						
General Office Operations	86.45	89.45	89.45	0.00	3.00	PG 9 LN 18
Workforce Dev. Field Offices	86.04	86.04	86.04	0.00	0.00	PG 10 LN 1
Total Iowa Workforce Development	172.49	175.49	175.49	0.00	3.00	
<u>Public Employment Relations Board</u>						
General Office	10.00	10.00	10.00	0.00	0.00	PG 11 LN 20
Total Economic Development	403.13	406.13	406.13	0.00	3.00	